

1 (B)(2)(a) and (b) and (3)(a)(i), 1145.1(B), 1332(B) and (F) are hereby amended and
2 reenacted and R.S. 11:62(4.1), (5.1), (10.1), and (11.1), 102(C)(3)(n), 102.7, and Chapter 7
3 of Subtitle I of Title 11 of the Louisiana Revised Statutes of 1950, comprised of R.S.
4 11:1399.1 through 1399.11, are hereby enacted to read as follows:

5 §62. Employee contribution rates established

6 Employee contributions to state and statewide public retirement systems shall
7 be paid at the following rates, except as otherwise provided by law:

8 * * *

9 (4) Louisiana School Employees' Retirement System members in Tier 1:

10 * * *

11 (4.1) Louisiana School Employees' Retirement System members in the
12 hybrid retirement plan - the amount calculated pursuant to R.S. 11:102.7.

13 (5) Louisiana State Employees' Retirement System members in Tier 1:

14 * * *

15 (5.1) Louisiana State Employees' Retirement System members in the hybrid
16 retirement plan - the amount calculated pursuant to R.S. 11:102.7.

17 * * *

18 (10) Louisiana State Police Retirement System members in Tier 1:

19 * * *

20 (10.1) Louisiana State Police Retirement System members in the hybrid
21 retirement plan - the amount calculated pursuant to R.S. 11:102.7.

22 (11) Teachers' Retirement System of Louisiana members in Tier 1:

23 * * *

24 (11.1) Teachers' Retirement System of Louisiana members in the hybrid
25 retirement plan - the amount calculated pursuant to R.S. 11:102.7.

26 * * *

27 §102. Employer contributions; determination; state systems

28 * * *

1 system valuation and beginning with Fiscal Year 2012-2013, the normal cost shall
2 be determined in accordance with Subsection D of this Section.

3 * * *

4 C.

5 * * *

6 (2)(a) Except as provided in Subparagraph (b) of this Paragraph and in R.S.
7 11:102.5, effective July 1, 2004, and beginning with Fiscal Year 1998-1999, the
8 amortization period for the changes, gains, or losses of the system provided in Items
9 (B)(3)(d)(i) through (iv) of this Section shall be thirty years from the year in which
10 the change, gain, or loss occurred. The outstanding balances of amortization bases
11 established pursuant to Items (B)(3)(d)(i) through (iv) of this Section before Fiscal
12 Year 1998-1999, shall be amortized as a level-dollar amount from July 1, 2004,
13 through June 30, 2029. Beginning with Fiscal Year 2003-2004, and for each fiscal
14 year thereafter, the outstanding balances of amortization bases established pursuant
15 to Items (B)(3)(d)(i) through (iv) of this Section shall be amortized as a level-dollar
16 amount. Effective for the June 30, 2010 system valuation and beginning with Fiscal
17 Year 2011-2012, amortization payments for changes in actuarial liability shall be
18 determined in accordance with this Subsection. Beginning with Fiscal Year 2020-
19 2021, the outstanding balances of amortization bases established pursuant to
20 (B)(3)(d)(i) through (iv) of this Section shall also be calculated in accordance with
21 the provisions of R.S. 11:102.7.

22 (b) Notwithstanding the provisions of Subparagraph (a) of this Paragraph,
23 effective for the June thirtieth valuation following the fiscal year in which the system
24 first attains a funded percentage of seventy or more pursuant to R.S. 11:542 and for
25 every year thereafter, the amortization period for the changes, gains, or losses of the
26 system provided in Items (B)(3)(d)(i) through (iv) of this Section occurring in that
27 year or thereafter shall be twenty years from the year in which the change, gain, or
28 loss occurred. Beginning with Fiscal Year 2020-2021, the outstanding balances of

1 amortization bases established pursuant to (B)(3)(d)(i) through (iv) of this Section
2 shall also be calculated in accordance with the provisions of R.S. 11:102.7.

3 * * *

4 (3) The provisions of this Paragraph and Paragraphs (4) through (9) of this
5 Subsection shall be effective for the June 30, 2010 system valuation and beginning
6 Fiscal Year 2011-2012. For purposes of this Subsection, "plan" or "plans" shall
7 mean a subgroup within the system characterized by the following employee
8 classifications:

9 (a) Rank-and-file members of the system whose first employment making
10 them eligible for membership in a state system occurred on or before June 30, 2020.

11 * * *

12 (h) Legislators, the governor, and the lieutenant governor whose first
13 employment making them eligible for membership in a state system occurred on or
14 before June 30, 2020.

15 * * *

16 (j) Hazardous duty plan members as provided pursuant to R.S. 11:611 et seq.
17 whose first employment making them eligible for membership in a state system
18 occurred on or before June 30, 2020.

19 (k) Judges as provided pursuant to R.S. 11:62(5)(a)(iii) and 444(A)(1)(a)(ii)
20 whose first employment making them eligible for membership in a state system
21 occurred on or before June 30, 2020.

22 * * *

23 (m) Members of the hybrid plan.

24 (n) Any other specialty retirement plan provided for a subgroup of system
25 members. If the legislation enacting such a plan is silent as to the application of this
26 Subsection, the Public Retirement Systems' Actuarial Committee shall provide for
27 the application to such plan.

28 * * *

1 (2)(a) Except as provided in Subparagraph (b) of this Paragraph and in R.S.
2 11:102.5, effective July 1, 2004, and beginning with Fiscal Year 2000-2001, the
3 amortization period for the changes, gains, or losses of the system provided in Items
4 (B)(3)(d)(i) through (iv) of this Section shall be thirty years from the year in which
5 the change, gain, or loss occurred. The outstanding balances of amortization bases
6 established pursuant to Items (B)(3)(d)(i) through (iv) of this Section before Fiscal
7 Year 2000-2001, shall be amortized as a level-dollar amount from July 1, 2004,
8 through June 30, 2029. Beginning with Fiscal Year 2003-2004, and for each fiscal
9 year thereafter, the outstanding balances of amortization bases established pursuant
10 to Items (B)(3)(d)(i) through (iv) of this Section shall be amortized as a level-dollar
11 amount. Effective for the June 30, 2011 system valuation and beginning with Fiscal
12 Year 2012-2013, amortization payments for changes in actuarial liability shall be
13 determined in accordance with this Subsection. Beginning with Fiscal Year 2020-
14 2021, the outstanding balances of amortization bases established pursuant to
15 (B)(3)(d)(i) through (iv) of this Section shall also be calculated in accordance with
16 the provisions of R.S. 11:102.7.

17 (b) Notwithstanding the provisions of Subparagraph (a) of this Paragraph,
18 effective for the June thirtieth valuation following the fiscal year in which the system
19 first attains a funded percentage of seventy or more pursuant to R.S. 11:883.1 and
20 for every year thereafter, the amortization period for the changes, gains, or losses of
21 the system provided in Items (B)(3)(d)(i) through (iv) of this Section occurring in
22 that year or thereafter shall be twenty years from the year in which the change, gain,
23 or loss occurred. Beginning with Fiscal Year 2020-2021, the outstanding balances
24 of amortization bases established pursuant to (B)(3)(d)(i) through (iv) of this Section
25 shall also be calculated in accordance with the provisions of R.S. 11:102.7.

* * *

27 (3) The provisions of this Paragraph and Paragraphs (4) through (9) of this
28 Subsection shall be effective for the June 30, 2011 system valuation and beginning
29 Fiscal Year 2012-2013. For purposes of this Subsection, "plan" or "plans" shall

1 mean a subgroup within the system characterized by the following employee
2 classifications:

3 (a) Employees of an institution of postsecondary education, the Board of
4 Regents, or a postsecondary education management board who are not employed for
5 the sole purpose of providing instruction or administrative services at the primary or
6 secondary level, including at any lab school and the Jimmy D. Long, Sr. Louisiana
7 School for Math, Science, and the Arts whose first employment making them eligible
8 for membership in a state system occurred on or before June 30, 2020.

9 (b) Any other specialty retirement plan provided for a subgroup of system
10 members. If the legislation enacting such a plan is silent as to the application of this
11 Subsection, the Public Retirement Systems' Actuarial Committee shall provide for
12 the application to such plan.

13 (c) All other teachers, as defined in R.S. 11:701(33), including members paid
14 from school food service funds as provided in R.S. 11:801 and 811 whose first
15 employment making them eligible for membership in a state system occurred on or
16 before June 30, 2020.

17 (d) Members of the hybrid plan.

18 (4) Effective for the June 30, 2011 system valuation and beginning with
19 Fiscal Year 2012-2013, the normal cost calculated pursuant to Subparagraph
20 (B)(3)(a) of this Section and R.S. 11:102.7, shall be calculated separately for each
21 particular plan within the system. An employer shall pay employer contributions for
22 each employee at the rate applicable to the plan of which that employee is a member.

23 (5) Effective for the June 30, 2011 system valuation and beginning with
24 Fiscal Year 2012-2013, changes in actuarial liability due to legislation, changes in
25 governmental organization, or reclassification of employees or positions shall be
26 calculated individually for each particular plan within the system based on each
27 plan's actuarial experience as further provided in Subparagraph (6)(c) of this
28 Subsection and R.S. 11:102.7.

1 (6) For each plan referenced in Paragraph (3) of this Subsection, the
2 legislature shall set the required employer contribution rate equal to the sum of the
3 following:

4 (a) The particularized normal cost rate. The normal cost rate for each fiscal
5 year shall be the employer's normal cost for employees in the plan computed by
6 applying the method specified in Paragraph (B)(1) and Subparagraph (B)(3)(a) of
7 this Section and R.S. 11:102.7 to the plan.

8 (b) The shared unfunded accrued liability rate. A single rate shall be
9 computed for each fiscal year, applicable to all plans for actuarial changes, gains, and
10 losses existing on June 30, 2011, or occurring thereafter, including experience and
11 investment gains and losses, which are independent of the existence of the plans
12 listed in Paragraph (3) of this Subsection, the payment and rate therefor shall be
13 calculated as provided in this Subsection and Paragraphs (B)(1) and (3) of this
14 Section and R.S. 11:102.7.

15 (c) The particularized unfunded accrued liability rate. For actuarial changes,
16 gains, and losses, excluding experience and investment gains and losses, first
17 recognized in the June 30, 2011 valuation or in any later valuation, attributable to
18 one or more, but not all, plans listed in Paragraph (3) of this Subsection or to some
19 new plan or plans, created, implemented, or enacted after July 1, 2011, a
20 particularized contribution rate shall be calculated as provided in this Subsection and
21 Paragraphs (B)(1) and (3) of this Section and R.S. 11:102.7.

22 * * *

23 E.(1) Except as provided in Paragraphs (2) and (3) of this Subsection and in
24 R.S. 11:102.5, effective July 1, 2004, and beginning with Fiscal Year 2000-2001, the
25 amortization period for the changes, gains, or losses of the Louisiana School
26 Employees' Retirement System provided in Items (B)(3)(d)(i) through (iv) of this
27 Section shall be thirty years from the year in which the change, gain, or loss
28 occurred. The outstanding balances of amortization bases established pursuant to
29 Items (B)(3)(d)(i) through (iv) of this Section before Fiscal Year 2000-2001, shall

1 be amortized as a level-dollar amount from July 1, 2004, through June 30, 2029.
 2 Beginning with Fiscal Year 2003-2004, and for each fiscal year thereafter, the
 3 outstanding balances of amortization bases established pursuant to Items (B)(3)(d)(i)
 4 through (iv) of this Section shall be amortized as a level-dollar amount. Beginning
 5 with Fiscal Year 2020-2021, the outstanding balances of amortization bases
 6 established pursuant to (B)(3)(d)(i) through (iv) of this Section shall also be
 7 calculated in accordance with the provisions of R.S. 11:102.7.

8 * * *

9 F.(1) Except as provided in Paragraph (2) of this Subsection and in R.S.
 10 11:102.5, effective July 1, 2009, and beginning with Fiscal Year 1992-1993, the
 11 amortization period for the changes, gains, or losses of the Louisiana State Police
 12 Retirement System provided in Items (B)(3)(d)(i) through (iv) of this Section shall
 13 be thirty years from the year in which the change, gain, or loss occurred. The
 14 outstanding balances of amortization bases established pursuant to Items (B)(3)(d)(i)
 15 through (iv) of this Section before Fiscal Year 2008-2009 shall be amortized as a
 16 level-dollar amount from July 1, 2009, through June 30, 2029. Beginning with
 17 Fiscal Year 2008-2009, and for each fiscal year thereafter, the outstanding balances
 18 of amortization bases established pursuant to Items (B)(3)(d)(i) through (iv) of this
 19 Section shall be amortized as a level-dollar amount. Beginning with Fiscal Year
 20 2020-2021, the outstanding balances of amortization bases established pursuant to
 21 (B)(3)(d)(i) through (iv) of this Section shall also be calculated in accordance with
 22 the provisions of R.S. 11:102.7.

23 * * *

24 §102.7. Contribution rates for hybrid plan members

25 A. For the purposes of this Section, the following terms shall have the
 26 following meanings unless another meaning is clearly required by context:

27 (1) "New member" shall mean any member of a state retirement system
 28 whose first employment making him eligible for membership in a state system
 29 occurred on or after July 1, 2020.

1 §247. Automatic cost-of-living adjustments

2 A.(1) Upon application for retirement or participation in the Deferred
3 Retirement Option Plan, any member of a ~~state or statewide retirement system~~ or any
4 member of a state retirement system whose first employment making him eligible
5 for membership in such system occurred on or before June 30, 2020, may elect to
6 receive an actuarially reduced retirement allowance plus an annual two and one-half
7 percent cost-of-living adjustment. Such an election shall be irrevocable after the
8 effective date of retirement or after the beginning date of participation in the
9 Deferred Retirement Option Plan. The retirement allowance together with the cost-
10 of-living adjustment shall be certified by the system actuary to be actuarially
11 equivalent to the member's maximum or optional retirement allowance and shall be
12 approved by the system's board of trustees.

13 * * *

14 D. Upon application for retirement or participation in the Deferred
15 Retirement Option Plan and upon certifying that he is contemplating availing himself
16 of the provisions of this Section, a an eligible member of a ~~state or statewide~~
17 ~~retirement system~~ may request that the system provide actuarial estimates of the
18 benefits that such member would receive pursuant to Subsection A of this Section
19 for the fifth, tenth, and fifteenth year following the member's anticipated retirement
20 date. The system shall provide such actuarial estimates to the member upon request.

21 E. This Section shall not be applicable to recipients of disability retirement
22 benefits pursuant to R.S. 11:461 et seq. All other eligible persons receiving
23 disability retirement benefits pursuant to the provisions of this Title shall be eligible
24 to elect this retirement option upon conversion to a service retirement, if applicable,
25 under the provisions of this Title for each state or statewide retirement system.

26 * * *

27 §542. Experience account

28 * * *

1 C.(1) In accordance with the provisions of this Section, the board of trustees
 2 may recommend to the president of the Senate and the speaker of the House of
 3 Representatives that the system be permitted to grant a permanent benefit increase
 4 to retirees whose first employment making them eligible for membership in a state
 5 system occurred on or before June 30, 2020, and to survivors; and beneficiaries of
 6 such members whenever the conditions in this Section are satisfied. The board of
 7 trustees shall not grant a permanent benefit increase unless such permanent benefit
 8 increase has been approved by the legislature.

9 (2) No member whose first employment making him eligible for
 10 membership in a state system occurs on or after July 1, 2020, shall be eligible for a
 11 benefit adjustment pursuant to the provisions of this Section nor shall any
 12 beneficiary who receives benefits based on the death or disability of such a member
 13 be eligible for a benefit adjustment pursuant to the provisions of this Section.

14 * * *

15 §883.1. Experience account

16 * * *

17 C.(1) In accordance with the provisions of this Section, the board of trustees
 18 may recommend to the president of the Senate and the speaker of the House of
 19 Representatives that the system be permitted to grant a permanent benefit increase
 20 to retirees whose first employment making them eligible for membership in a state
 21 system occurred on or before June 30, 2020, and to ~~and~~ beneficiaries of such
 22 members whenever the conditions in this Section are satisfied. The board of trustees
 23 shall not grant a permanent benefit increase unless such permanent benefit increase
 24 has been approved by the legislature.

25 (2) No member whose first employment making him eligible for
 26 membership in a state system occurs on or after July 1, 2020, shall be eligible for a
 27 benefit adjustment pursuant to the provisions of this Section nor shall any
 28 beneficiary who receives benefits based on the death or disability of such a member
 29 be eligible for a benefit adjustment pursuant to the provisions of this Section.

1 * * *

2 §927. Contributions

3 A. Regardless of the date of employment making him eligible for
4 membership in a state retirement system, each Each participant shall contribute
5 monthly to the optional retirement plan the same amount which he would be required
6 to contribute to the Tier 1 regular retirement plan of the Teachers' Retirement System
7 of Louisiana if he were a member of that retirement plan. Participant contributions
8 may be made by employer pick-up in accordance with the provisions of Section
9 414(h)(2) of the United States Internal Revenue Code or any amendment thereto.
10 The entirety of each participant's contribution, less any monthly fee established by
11 the board to cover the cost of administration and maintenance of the optional
12 retirement plan, shall be remitted to the appropriate designated company or
13 companies for application to the participant's contract or contracts.

14 B.

15 * * *

16 (2)(a) Beginning July 1, 2014, and continuing through Fiscal Year 2017-
17 2018, each higher education board created by Article VIII of the Constitution of
18 Louisiana and each employer institution and agency under its supervision and control
19 shall contribute to the Teachers' Retirement System of Louisiana on behalf of each
20 participant in the optional retirement plan the sum of:

21 (i) The amounts calculated pursuant to R.S. 11:102(D)(6)(b), (c), and (d) for
22 Tier 1 plans.

23 (ii) An amount equal to or greater than the equivalent of the employer's
24 portion of the Tier 1 normal cost contribution of the regular retirement plan.

25 (b) Beginning July 1, 2018, each higher education board created by Article
26 VIII of the Constitution of Louisiana and each employer institution and agency under
27 its supervision and control shall contribute to the Teachers' Retirement System of
28 Louisiana on behalf of each participant in the optional retirement plan the sum of:

1 (i) The amounts calculated pursuant to R.S. 11:102(D)(6)(b), (c), and (d) for
2 Tier 1 plans.

3 (ii) An amount not less than six and two-tenths percent of pay.

4 * * *

5 (3)(a) Beginning July 1, 2014, for each employer that is not a higher
6 education board created by Article VIII of the Constitution of Louisiana or an
7 employer institution under the supervision and control of such a board, each such
8 employer institution and board shall contribute to the Teachers' Retirement System
9 of Louisiana on behalf of each participant in the optional retirement plan the greater
10 of:

11 (i) The amount it would have contributed if the participant were a member
12 of the Tier 1 regular retirement plan of the Teachers' Retirement System of Louisiana
13 pursuant to R.S. 11:102(D)(3).

14 * * *

15 §1145.1. Experience account

16 * * *

17 B.(1) In accordance with the provisions of this Section, the board of trustees
18 may recommend to the president of the Senate and the speaker of the House of
19 Representatives that the system be permitted to grant a permanent benefit increase
20 to retirees whose first employment making them eligible for membership in a state
21 system occurred on or before June 30, 2020, and to ~~and~~ beneficiaries of such
22 members whenever the conditions in this Section are satisfied. The board of trustees
23 shall not grant a permanent benefit increase unless such permanent benefit increase
24 has been approved by the legislature.

25 (2) No member whose first employment making him eligible for
26 membership in a state system occurs on or after July 1, 2020, shall be eligible for a
27 benefit adjustment pursuant to the provisions of this Section nor shall any
28 beneficiary who receives benefits based on the death or disability of such a member
29 be eligible for a benefit adjustment pursuant to the provisions of this Section.

1 * * *

2 §1332. Experience account

3 * * *

4 B.(1) In accordance with the provisions of this Section, the board of trustees
5 may recommend to the president of the Senate and the speaker of the House of
6 Representatives that the system be permitted to grant a permanent benefit increase
7 to retirees whose first employment making them eligible for membership in a state
8 system occurred on or before June 30, 2020, and to ~~and~~ beneficiaries of such
9 members whenever the conditions in this Section are satisfied. The board of trustees
10 shall not grant a permanent benefit increase unless such permanent benefit increase
11 has been approved by the legislature.

12 (2) No member whose first employment making him eligible for
13 membership in a state system occurs on or after July 1, 2020, shall be eligible for a
14 benefit adjustment pursuant to the provisions of this Section nor shall any
15 beneficiary who receives benefits based on the death or disability of such a member
16 be eligible for a benefit adjustment pursuant to the provisions of this Section.

17 * * *

18 F.(1) In addition to the permanent benefit increase authorized by Subsection
19 B of this Section, the board of trustees may grant a supplemental permanent benefit
20 increase to all retirees and beneficiaries who are at least age sixty-five and who
21 retired on or before June 30, 2001. This supplemental increase shall consist of an
22 amount equal to two percent of the benefit being received on the date of the increase.
23 In order to grant such supplemental permanent benefit increase, the board of trustees
24 shall recommend to the president of the Senate and the speaker of the House of
25 Representatives that the system be permitted to grant such supplemental permanent
26 benefit increase to retirees and beneficiaries whenever the balance in the experience
27 account is sufficient to fully fund such benefit on an actuarial basis, as determined
28 by the system's actuary. If the legislative actuary disagrees with the determination
29 of the system's actuary, such supplemental permanent benefit increase shall not be

1 granted. The board of trustees shall not grant such supplemental permanent benefit
 2 increase unless such supplemental permanent benefit increase has been approved by
 3 the legislature. Any such supplemental permanent benefit increase paid on or before
 4 June 30, 2015, shall be limited to and shall be payable based only on an amount not
 5 to exceed eighty-five thousand dollars of the retiree's annual benefit. Any such
 6 supplemental permanent benefit increase paid on or after July 1, 2015, shall be
 7 limited to and shall be payable based only on an amount not to exceed sixty thousand
 8 dollars of the retiree's annual benefit. Effective on and after July 1, 2007, and on or
 9 before June 30, 2015, the eighty-five thousand dollar limit shall be increased each
 10 year in an amount equal to the increase in the CPI-U for the preceding calendar year,
 11 if any. Effective on and after July 1, 2015, the sixty-thousand-dollar limit shall be
 12 increased each year in an amount equal to the increase in the CPI-U for the twelve-
 13 month period ending on the system's valuation date, if any. Any permanent benefit
 14 increase granted pursuant to the provisions of this Subsection shall begin on the July
 15 first following legislative approval and shall be payable annually.

16 (2) No member whose first employment making him eligible for
 17 membership in a state system occurs on or after July 1, 2020, shall be eligible for a
 18 benefit adjustment pursuant to the provisions of this Section nor shall any
 19 beneficiary who receives benefits based on the death or disability of such a member
 20 be eligible for a benefit adjustment pursuant to the provisions of this Section.

21 * * *

22 CHAPTER 7. HYBRID PLAN FOR STATE RETIREMENT SYSTEMS

23 §1399.1. Hybrid plan creation

24 A. There is hereby created within each of the following state retirement
 25 systems a hybrid plan:

26 (1) Louisiana State Employees' Retirement System.

27 (2) Teachers' Retirement System of Louisiana.

28 (3) Louisiana School Employees' Retirement System.

29 (4) State Police Retirement System.

1 B. The provisions of each system in effect on June 30, 2020, including any
2 special plans, shall be known as "Tier 1".

3 §1399.2. Definitions

4 The following terms shall have the following meanings, unless another
5 meaning is clearly required by context. Terms not otherwise defined shall have the
6 same meaning as in Tier 1.

7 (1) "Hazardous duty member" shall mean a member of the Louisiana State
8 Employees' Retirement System who, but for his date of first employment making
9 him eligible for membership in a state system, would qualify for membership in the
10 Hazardous Duty Services Plan pursuant to R.S. 11:612.

11 (2) "Particularized unfunded accrued liability" shall mean liability applicable
12 to actuarial changes, gains, and losses, excluding experience and investment gains
13 and losses, first recognized in the June 30, 2021, valuation or in any later valuation,
14 attributable to one or more, but not all, plans in a system.

15 (3) "Rank-and-file member" shall mean any member of the Louisiana State
16 Employees' Retirement System including any judge, court officer, governor,
17 lieutenant governor, clerk or sergeant-at-arms of the House of Representatives,
18 secretary or sergeant-at-arms of the Senate, or state treasurer, who is not a hazardous
19 duty member and whose first employment making him eligible for membership in
20 a state system occurred on or after July 1, 2020.

21 (4) "Shared unfunded accrued liability" shall mean liability applicable to all
22 plans in a system for actuarial changes, gains, and losses, including experience and
23 investment gains and losses, which are independent of the existence of the individual
24 plans within a system.

25 §1399.3. Hybrid plan membership

26 A. State employees whose first employment making them eligible for
27 membership in one of the state systems occurred on or after July 1, 2020, shall be
28 members of the hybrid plan of their respective system. Members in the hybrid plan

1 shall participate simultaneously in a defined benefit plan and in a defined
2 contribution plan.

3 B. If a retired member of the hybrid plan returns to active service in a
4 position covered by the system from which he is receiving benefits, payment of his
5 defined benefit retirement shall cease during his period of reemployment. However,
6 such reemployment shall have no effect on payments received under the defined
7 contribution component of the plan.

8 §1399.4. Contributions and credits

9 A.(1) Each member shall contribute to the retirement system the amount
10 calculated pursuant to R.S. 11:102.7.

11 (2) Employer contributions to each retirement system shall be as provided
12 in R.S. 11:102 and 102.7.

13 B.(1) For a member of the Teachers' Retirement System of Louisiana, the
14 Louisiana School Employees' Retirement System, or a rank-and-file member of the
15 Louisiana State Employees' Retirement System, each hybrid plan member's defined
16 contribution account shall be credited with an amount equal to ten percent of pay
17 monthly.

18 (2) For a member of the State Police Retirement System or a hazardous duty
19 member, each such hybrid plan member's defined contribution account shall be
20 credited with an amount equal to twelve percent of pay monthly.

21 (3) Every active member of the hybrid plan shall also accrue service credit
22 in the defined benefit portion of the plan each month as provided in R.S. 11:1399.5.

23 C.(1) With regards to the defined contribution portion of the hybrid plan,
24 upon receipt of employee and employer contributions, the system shall promptly pay
25 over to the appropriate designated company or companies an amount equal to one
26 half of the normal cost percentage calculated pursuant to R.S. 11:102.7, which shall
27 be credited to the employee's account.

28 (2) With regards to the defined benefit portion of the hybrid plan, the
29 remainder of the employee and employer contributions shall be applied to the

1 defined benefit normal cost and unfunded accrued liability costs as provided in R.S.

2 11:102.7.

3 §1399.5. Defined benefit portion

4 A.(1) Defined benefits in the plan shall accrue at the following rates for each
5 year of creditable service in the plan:

6 (a) For a member of the Teachers' Retirement System of Louisiana, the
7 Louisiana School Employees' Retirement System, or a rank-and-file member of the
8 Louisiana State Employees' Retirement System - one percent of the member's
9 average compensation.

10 (b) For a member of the State Police Retirement System or a hazardous duty
11 member – one and one-third percent of the member's average compensation.

12 (2) In no event shall a member's accrued defined benefit exceed one hundred
13 percent of his average compensation.

14 B. The interest rate used to value normal cost and accrued liabilities
15 attributable to the plan shall be six percent. The provisions of this Subsection shall
16 apply to particularized liabilities of the plan as well as to any portions of shared
17 unfunded accrued liability attributable to the hybrid plan.

18 C.(1) Upon retirement, a hybrid plan member shall receive a maximum
19 defined benefit retirement allowance from his retirement system that is equivalent
20 to the percentage of his average compensation accrued each year for his creditable
21 service in the plan pursuant to Paragraph (A)(1) of this Section multiplied by his
22 years of creditable service in the plan.

23 (2) Notwithstanding the provisions of Paragraph (1) of this Subsection, upon
24 retirement, a hybrid plan member may elect to receive his defined benefit in a
25 retirement allowance payable throughout his life or may elect to receive the actuarial
26 equivalent of his retirement allowance in a reduced retirement allowance payable
27 throughout life pursuant to any retirement option available to members of Tier 1 of
28 his system, including initial lump sum payment options.

1 (3) Notwithstanding the provisions of Paragraph (2) of this Subsection, no
2 member of the hybrid plan shall be eligible to participate in any deferred retirement
3 option plan or program or any similar retirement option that requires continued
4 employment for participation, nor shall such a member be eligible to participate in
5 any back-deferred retirement option plan or program.

6 §1399.6. Defined contribution portion

7 A.(1) Each member shall have a defined contribution plan account
8 maintained and administered by a qualified private provider as determined pursuant
9 to Subsection B of this Section.

10 (2) Each member may elect to contribute extra amounts to his defined
11 contribution account, up to applicable Internal Revenue Code limits on elective
12 deferrals.

13 B.(1) The board of trustees of each system shall select no more than three
14 companies from which contracts will be purchased for the provision of defined
15 contribution accounts for employees. In setting the criteria for this selection, the
16 board shall consider, among other things, the following:

17 (a) The portability of the contracts offered or to be offered by the company,
18 based on the number of states in which the designated company provides contracts
19 under similar plans.

20 (b) The nature and extent of the rights and benefits to be provided by the
21 contracts for participating employees and their beneficiaries.

22 (c) The relation of the rights and benefits to the amount of the contributions
23 to be made pursuant to the provisions of this Chapter.

24 (d) The suitability of the rights and benefits to the needs and interests of
25 participating employees.

26 (e) The ability of the designated company or companies to provide the rights
27 and benefits under such contracts.

28 (2) Each system board of trustees shall select from the funds offered by each
29 provider a minimum of ten and a maximum of twenty-five funds in a range of risk

1 and return profiles that will be offered to its members. At least one of the investment
2 options selected by the board from each provider shall be a fund with a guaranteed
3 rate of return.

4 C. Upon retirement, a minimum of seventy-five percent of the value of the
5 member's account balance shall be annuitized by the company maintaining the
6 account. The member shall select the percentage of his account balance to be
7 annuitized. A member who does not elect to annuitize his entire account balance
8 may withdraw some or all of his remaining account balance as: one or more lump-
9 sum payments; a trustee-to-trustee, single-sum transfer between qualified plans; or
10 a payment made directly to an individual retirement account.

11 D. Upon death or retirement, whichever occurs first, a member with at least
12 five years of participation in the defined contribution plan shall have a vested right
13 to all employer contributions made to his account and to interest on the employee
14 and employer contributions. The rights of members terminating service prior to
15 retirement shall be as follows:

16 (1) In the event of termination prior to attaining five years of participation
17 in the defined contribution plan, the member shall be entitled to a return of all
18 employee contributions, without interest thereon. All interest and employer
19 contributions shall be forfeited to the member's retirement system.

20 (2) In the event of termination after a member attains five years of
21 participation in the defined contribution plan but prior to retirement, the member
22 shall leave his account balance with the system and exercise the rights granted
23 pursuant to Subsection C of this Section upon attaining the first age at which he may
24 begin to draw an unreduced retirement benefit.

25 E. A member who has not terminated employment or retired may not
26 withdraw funds from his defined contribution account prior to retirement or borrow
27 against such funds.

28 F. Interest shall be credited on any balance in the member's account as long
29 as there is a balance in the account.

1 §1399.7. Retirement eligibility

2 Retirement eligibility shall be as follows:

3 (1) A member of the Teachers' Retirement System of Louisiana, the
4 Louisiana School Employees' Retirement system, or a rank-and-file member of the
5 Louisiana State Employees' Retirement System shall be eligible for retirement if he
6 has:

7 (a) Five years or more of service, at age sixty-five or thereafter.

8 (b) Twenty years of service credit at age fifty-five, exclusive of military
9 service and unused annual and sick leave, but any person retiring under this
10 Subparagraph shall have his defined benefit, inclusive of military service credit and
11 allowable unused annual and sick leave, actuarially reduced from the earliest age that
12 he would normally become eligible for a regular retirement benefit under
13 Subparagraph (a) of this Paragraph.

14 (2) A member of the State Police Retirement System or a hazardous duty
15 member shall be eligible for retirement if he has:

16 (a) Twelve years or more of service, at age fifty-seven or thereafter.

17 (b) Twenty years of service credit at any age, exclusive of military service
18 and unused annual and sick leave, but any person retiring under this Subparagraph
19 shall have his defined benefit, inclusive of military service credit and allowable
20 unused annual and sick leave, actuarially reduced from the earliest age that he would
21 normally become eligible for a regular retirement benefit under Subparagraph (a) of
22 this Paragraph.

23 §1399.8. Disability and death benefits

24 A.(1) The defined benefit plan disability and death benefits shall be as
25 otherwise determined and provided in Tier 1; however, the accrual rate used to
26 calculate any such benefits shall not exceed the member's accrual rate in the hybrid
27 plan.

28 (2) If the hybrid plan member has not met the eligibility requirements for
29 survivors' benefits in the applicable Tier 1 plan, the system shall give his designated

1 beneficiary or his estate the option to receive the portion of the account balance the
2 member would otherwise have been entitled to as a lump-sum payment; a trustee-to-
3 trustee, single-sum transfer between qualified plans; or a payment made directly to
4 an individual retirement account.

5 B. A member receiving disability benefits based on defined benefit plan
6 provisions shall be entitled access to his defined contribution account as provided in
7 R.S. 11:1399.6(C), including interest on contributions as provided in R.S.
8 11:1399.6(D).

9 C. If distributed as death benefits, a deceased member's defined contribution
10 account shall be divided as follows:

11 (1) If there is a surviving spouse and no minor children, the spouse shall
12 have the same options with respect to the account balance that the member would
13 have had.

14 (2) If there is a surviving spouse and at least one minor child or child with
15 a disability, the surviving spouse shall receive an annuity based on one-half of the
16 account balance and the other half of the account balance shall be divided on a pro
17 rata basis between the remaining minor children and children with a disability and
18 annuitized.

19 (3) If there is no surviving spouse but there is at least one minor child or
20 child with a disability, the account shall be divided on a pro rata basis between the
21 minor children and children with a disability and annuitized.

22 D. If any disability retiree of the hybrid retirement plan who is under his
23 normal retirement age is restored to active service, his defined benefit retirement
24 allowance and ability to access his defined contribution account shall cease, he shall
25 again become a member of the retirement system, and he shall contribute thereafter
26 at the current rate in effect at the time he is restored to service, and if he contributes
27 for at least three years after restoration to active service, the period of time on
28 disability shall be counted as accredited service for purposes of establishing
29 retirement eligibility in the defined benefit portion of the plan, but not for

1 computation of benefits. Any prior service certificate on which his service was
2 computed at the time of his retirement shall be restored to full force and effect and,
3 in addition, upon his subsequent retirement he shall be credited with all his service
4 as a member. The remaining value of any annuity paid to the rehabilitated member
5 from his defined contribution account balance shall be converted back to a lump sum
6 and deposited into the member's defined contribution account. Contributions to the
7 defined contribution account shall resume and be added to the balance in the account
8 at the time of restoration to active service.

9 §1399.9. Cost-of-living adjustments on defined benefit

10 A.(1) Each qualifying retiree and beneficiary of a hybrid plan member shall
11 have the defined benefit portion of his benefit increased permanently on July first in
12 each odd-numbered calendar year. The amount of the increase shall be the lesser of:

13 (a) Two percent of the benefit amount.

14 (b) An amount equal to the consumer price index for all urban consumers for
15 the South as calculated by the United States Department of Labor, Bureau of Labor
16 Statistics, for the twelve-month period ending on the May thirtieth immediately
17 preceding the payment of the benefit increase.

18 (2) To be eligible for the permanent benefit increases provided in this
19 Subsection, a retiree:

20 (a) Shall have been separated from employment and receiving a benefit for
21 at least one year.

22 (b) Shall have attained his normal retirement age.

23 (3) A nonretiree survivor or beneficiary shall be eligible for the permanent
24 benefit increases provided in this Section:

25 (a) If the benefits have been received by the retiree or the beneficiary or both
26 combined for at least one year.

27 (b) If the retiree would have attained age sixty-five.

28 (4) The provisions of Subparagraph (3)(b) of this Subsection shall not apply
29 to any person who receives benefits based on the death of a disability retiree.

whose first employment making them eligible for membership in a state system occurs on or after July 1, 2020 (hereafter referred to as "new members").

Cost Sharing

Present law establishes a fixed rate at which members must contribute to each state and statewide retirement system. Proposed law retains present law for those who are not new members. Further establishes a floating rate for new members based on an equal division of the cost of the plan for new members.

Present law establishes the formula by which employer contribution rates are calculated each year. Generally requires the employer to fund 100% of unfunded accrued liability (UAL) payments. Proposed law requires new members to split equally the cost of their benefit accruals (the "Normal Cost") and the cost of any UAL attributable to their plan.

COLAs

Present law provides a mechanism for paying cost-of-living adjustments (COLAs) to retirees of state retirement systems using investment gains over and above certain pre-determined levels. Proposed law retains present law for those who are not new members. For new members, proposed law establishes a pre-funded COLA mechanism, the cost of which is split between new members and employers. Upon retirement (or death), in every odd-numbered year, a qualifying new member or beneficiary of such will receive a COLA equal to the lesser of:

- (1) 2%.
- (2) The CPI-U for the South as calculated by the U.S. Dept. of Labor, Bureau of Labor Statistics, for the 12-month period ending on the May 30th immediately preceding the payment of the benefit increase.

Further provides that such COLA shall only be paid on the first \$50,000 of a retiree or beneficiary's benefit amount.

Proposed law establishes the following qualifications for a COLA:

- (1) Any retiree who has received a benefit for at least one year and who has attained at least his normal retirement age.
- (2) Any nonretiree beneficiary who has received a benefit for at least one year (aggregated with any time the deceased member may have received a benefit) if the deceased member would have attained his normal retirement age.
- (3) Any disability retiree or any beneficiary who receives benefits based on the death of a disability retiree if benefits have been received for at least one year.

Regular Retirement Benefits

Defined Benefit Plan

Present law provides a retirement benefit that combines average compensation with a percentage multiplier for each year of service. This calculation can be rendered as:

Accrual Rate x Years of Service x Average Compensation

Present law for TRSL, LSERS, and rank-and-file members of LASERS provides an accrual rate of 2.5% of average compensation for each year of a member's service. Proposed law retains present law for those who are not new members. Further establishes a 1% accrual rate for regular retirement benefit calculations for new members.

Present law for STPOL and for the Hazardous Duty Services Plan (hereafter "Haz. Duty") members provides an accrual rate of 3.33% of average compensation for each year of such member's service. Proposed law retains present law for those who are not new members. Further establishes a 1.33% accrual rate for regular retirement benefit calculations for new members.

Present law establishes a five-year vesting period for the right to a benefit from the defined benefit plan. Proposed law retains present law for all members, regardless of the date of hire.

DC Plan

Proposed law establishes a DC account for each new member. Requires the board of trustees of each system to select up to three third-party providers who will administer the DC accounts for new members. Establishes criteria for the board to use in evaluating potential third-party providers. Requires each board to select from the funds offered by each provider a minimum of 10 and a maximum of 25 fund options in a range of risk and return profiles that will be offered to new members in the DC plan. Requires at least one investment option to be a fund with a guaranteed rate of return.

Proposed law provides that new member DC accounts for TRSL, LSERS, and rank-and-file members of LASERS shall be credited with 10% of pay each month. Further provides that new member DC accounts for STPOL and hazardous duty members shall be credited with 12% of pay each month.

Proposed law establishes a five-year vesting period for the right to employer contributions and interest credited to the new member's account. The new member's right to access interest on employee and employer contributions made to the DC account is triggered by the member's retirement (regular or disability) or death, whichever occurs first.

Proposed law provides that if a member terminates employment prior to attaining five years of participation in the DC plan, the employee is entitled to a return of all employee contributions, without interest. All interest and employer contributions will be forfeited to the system.

Proposed law further provides that if a member terminates employment after attaining five years of participation in the DC plan, but prior to retirement, he must leave his account balance with the third-party provider until the first age at which he may begin to draw an unreduced retirement benefit and may then exercise all options in proposed law for members who retire from the system.

Proposed law provides that upon retirement, a member must annuitize at least 75% of his DC account balance with the third-party provider. The member may choose the percentage of his account, up to 25%, that will not be annuitized. Any portion of the account that is not annuitized may be withdrawn in one or more lump-sum payments or rolled to another qualified retirement account, such as an IRA.

Proposed law prohibits a new member who has not terminated employment or retired from withdrawing funds from his DC account or borrowing against such funds.

Retirement Eligibility

Present law for TRSL, LSERS, and rank-and-file members of LASERS provides that a member hired on or after July 1, 2015, is eligible for regular retirement if he has:

- (1) Five years of service at age 62 or thereafter.
- (2) 20 years of service at any age, actuarially reduced.

Proposed law provides that, for TRSL, LSERS, and rank-and-file members of LASERS, a new member is eligible for regular retirement if he has:

- (1) Five years of service at age 65 or thereafter.
- (2) 20 years of service at age 55 or thereafter, actuarially reduced.

Present law for STPOL and the Haz. Duty members of LASERS provides that a member hired on or after July 1, 2015, is eligible for regular retirement if he has:

- (1) 12 years of service at age 55 or thereafter.
- (2) 25 years of service at any age.
- (3) 20 years of service at any age, actuarially reduced.

Proposed law provides that for STPOL and the Haz. Duty members of LASERS, a new member is eligible for regular retirement if he has:

- (1) 12 years of service at age 57 or thereafter.
- (2) 20 years of service at any age, actuarially reduced.

Disability & Death Benefits

Proposed law provides that disability and death benefits for new members shall be calculated as though the member had been hired prior to July 1, 2020 (Tier 1); however, restricts the accrual rate used in any such calculation to the hybrid plan rate applicable to the member.

Proposed law provides that if the new member did not meet the eligibility requirements for the applicable Tier 1 survivors benefits, his designated beneficiary or his estate shall receive the DC account balance the member would otherwise have been entitled to as a lump-sum or a transfer to another qualified retirement plan.

Proposed law provides that if a member does meet the Tier 1 survivor benefit qualifications, his DC account shall be divided as follows:

- (1) If there is a surviving spouse and at least one minor child or child with a disability, the surviving spouse shall receive an annuity based on one half of the account balance. The other half of the account balance shall be divided pro rata between the minor children and children with disabilities and annuitized.
- (2) If there is no surviving spouse but there is at least one minor child or child with a disability, the account shall be divided pro rata between the minor children and children with disabilities and annuitized.

Proposed law provides that a member receiving disability benefits from the defined benefit plan may access and annuitize his DC account, including employer contributions and all interest.

Proposed law provides that if a disability retiree who is under his normal retirement age is restored to active service, his disability benefit payments and access to the balance of his DC account shall cease. He shall resume contributions to the retirement system and if he continues in service for at least three years after restoration, the period of time spent on disability shall be counted toward normal retirement eligibility, but will not count towards calculation of benefits. Requires the remaining value of any annuity based on the DC account balance to be converted back into a lump sum and deposited into the member's account. Further provides that contributions to the member's DC account shall resume and be added to the balance in the account at the time he is restored to active service.

Applicability of Tier 1 Provisions

Proposed law provides that the provisions of Tier 1 that the member would have been enrolled in but for his date of hire shall apply in any case where the provisions of the Hybrid Plan are silent.

(Amends R.S. 11:62(4), (5), (10), and (11), 102(B)(1) and (3)(a), (C)(2)(a) and (b), (3)(a), (h), (j), (k), and (m), (6)(a), (b)(i), (c), and (d), (D)(2)(a) and (b), (3), (4), (5), and (6)(a), (b), and (c), (E)(1), and (F)(1), 247(A)(1), (D), and (E), 542(C), 883.1(C), 927(A) and (B)(2)(a) and (b) and (3)(a)(i), 1145.1(B), 1332(B) and (F); Adds R.S. 11:62(4.1), (5.1), (10.1), and (11.1), 102(C)(3)(n), 102.7, and 1399.1-1399.11)